



Date: August 21, 2012

To: Thomas Bonfield, City Manager

From: Germaine Brewington, Director of Audit Services

Subject: Transmittal of Inventory Audit (June 2012) dated August 2012

Executive Summary

The Audit Services Department completed the report for the Inventory Audit dated August 2012, which was for the fiscal year ending June 30, 2012. The purpose of the audit was to determine if the inventory value recorded on the City's general ledger as of June 30, 2012 was fairly stated.

Background

Annually, the Audit Services Department conducts an audit of the City's yearend inventory procedures and valuation. The value of the City's inventory as of June 30, 2012 was approximately \$2,005,530 compared to \$1,857,455 as of June 30, 2011.

Historically, departments are chosen based on the total recorded value of their inventory. The Departments or Divisions selected for the June 30, 2012 inventory observation and valuation included: the Fleet Management Department, Water Management Department – Plant Engineering & Maintenance Division, Water Management Department – Water Supply & Treatment Division, Water Management Department – Water Reclamation Facility Division and the Water Management Department – Water & Sewer Maintenance Division. The City values its inventories using the weighted average cost method (which approximates the first-in, first-out method). Each department utilizes its own unique inventory system. They include purchased computer software programs (Faster and CityWorks) or spreadsheet applications. The Finance Department adjusts the inventory valuation recorded on the City's general ledger at yearend, based on the physical inventory count.

Issues and Analysis

The attached report details the objectives, observations, and results of the Inventory Audit dated August 2012 for the fiscal year ending June 30, 2012.

Recommendation

The Department of Audit Services recommends the City Council receive and accept the Inventory Audit (June 2012) dated August 2012 as presented and approved at the August 27, 2012 Audit Services Oversight Committee meeting.

Attachment